

Producing Affordable Housing in Citrus Heights

An Alternative to the "Default Density"



City of Citrus Heights
Community and Economic Development Department
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Executive Summary

Determining Affordability

Housing affordability is determined by a variety of factors that vary both on an intraregional and interregional basis. Affordability is largely impacted by local conditions within individual communities. These “Affordability Factors” vary greatly across the state and can dramatically impact the ability to produce affordable housing:

Affordability Factors

1. *Financial Feasibility*
 - a. *Land Costs*
 - b. *Parcel Size*
 - c. *Development Fees*
 - d. *Development Standards*
 - e. *Availability of Infrastructure*
 - f. *Density*
 - g. *Location*
2. *Market Demand*
3. *Development Experience*
4. *Existing Housing Stock*
5. *Corridors and Transit Accessibility*
6. *Affordable Housing Incentives*
7. *Programmatic Efforts*

The “Problem”

The State has adopted “default densities” that apply unilaterally in “urban” communities despite the local conditions that impact housing affordability. In many cases urban areas or coastal communities (San Francisco, Los Angeles, San Diego, etc.) require densities of at least 30 units per acre to result in affordable housing (In many instances, 30 units per acre is not nearly dense enough to produce affordable housing). In many cases, less urban communities can produce affordable housing at much lower densities, due to a variety of local factors, or “Affordability Factors”

The “Solution”

Recognizing that conditions that lead to affordability are not universal, the State allows jurisdictions to perform an analysis based on local conditions and affordability factors as an alternative to the default densities. Whereas urban areas or coastal communities may require densities of at least 30 units per acre, suburban or rural communities can often provide affordable housing at much lower densities based on the local conditions and affordability factors discussed above. The City has conducted the required analysis and determined that zoning allowing 20 units per acre is adequate to support affordable housing in Citrus Heights.

Affordability in Citrus Heights

The City’s analysis of local affordability factors determined that affordable housing can be produced in Citrus Heights at densities of 20 units per acre. Although all affordability factors impact the City’s ability to produce affordable housing, several key factors or a combination of these factors ensure that the City can continue to produce affordable housing at lower densities:

1. Land values in the City are at historic lows
2. Recent market rate development is affordable to lower incomes at densities under 20 units per acre
3. Increased density has not resulted in increased affordability
4. The City’s supply of existing housing is affordable at market rates
5. The City’s development fees are amongst the lowest in the region
6. Infrastructure is readily available due to the built out nature of the community
7. The majority of the City, particularly along its corridors, is affordable even when factoring in transportation costs
8. The availability of incentives for affordable housing has proven successful in Citrus Heights
9. The City has adopted policies that support affordable housing

Introduction

The “Problem”

State law has established “default densities” that are considered sufficient to provide market-based incentives for the development of housing for lower-income households. Because Citrus Heights is located within the Sacramento Metropolitan Statistical Area (MSA) with a population of more than two million, the default density is 30 dwelling units per acre (or higher). This default standard applies equally to communities with higher residential property values (such as Folsom, Fair Oaks, Roseville, , etc.), and to communities like Citrus Heights where market rate home prices, rents, and the cost of vacant land is significantly below the regional average (See Table 1 and 2, below).

Table 1: Surrounding Median Home Prices

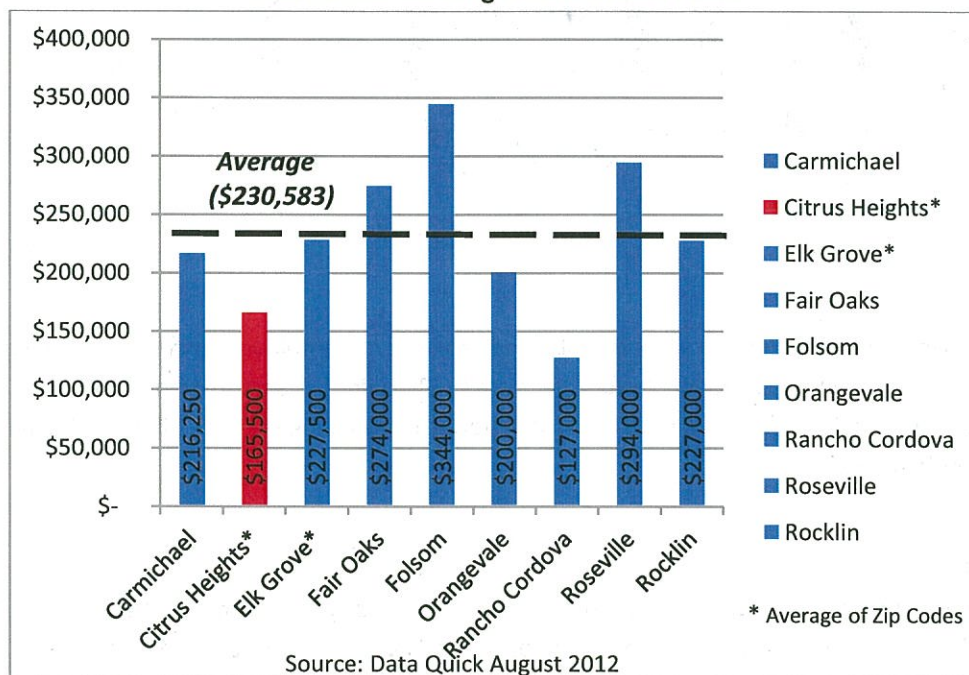
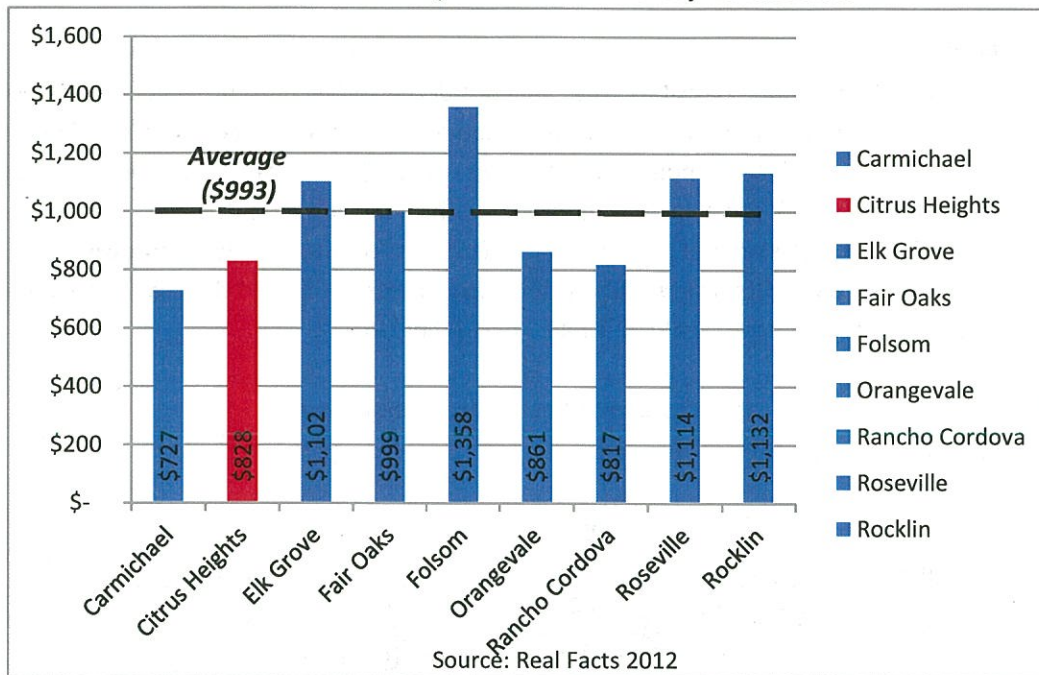


Table 2: Surrounding Median Multi-Family Rental Prices



Due to the diversity of housing types, land costs, and proximity to employment centers throughout the Sacramento region, utilizing a specific residential density (30 units per acre as established by State law as the default density for affordable housing production) to determine the feasibility of affordable housing is problematic.

The “Solution”

Rather than relying on the 30 dwelling unit per acre default density to accommodate the City’s need for housing units affordable to lower income households, the City has prepared this analysis demonstrating how densities of 20 du/ac are sufficient to meet this criteria.

In late 2012, the City conducted an analysis of available housing data, discussed affordable housing with affordable housing developers, and analyzed previous development experience in the City. The analysis concludes that rather than a specific density of housing, a variety of “Affordability Factors” control the ability to produce affordable housing within a community. The City’s analysis of these “Affordability Factors” is discussed in detail throughout this document – a summary of these factors is presented below:

Affordability Factors

1. *Financial Feasibility*
 - a. *Land Costs*
 - b. *Parcel Size*
 - c. *Development Fees*
 - d. *Development Standards*
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6. *Affordable Housing Incentives*
7. *Programmatic Efforts*

1. Financial Feasibility

In August 2012, City staff reached seven for-profit and non-profit affordable housing developers to discuss financial feasibility of affordable housing in today's housing market.

Based on these discussions, financial feasibility for the development of affordable housing is based on a variety of factors including land costs, parcel size, fees, development standards, availability of infrastructure, density, and location.

a. Land Costs

The cost of land can dramatically limit the ability to produce affordable housing. Citrus Heights has a variety of residential zoning designations ranging from large lot semirural lands to dense multifamily properties. Cost of land can vary dramatically based on location, desirability, and density of allowed development. Since the 2008 Housing Element update, land prices have declined precipitously in the City and throughout the region.

According to Sacramento County a check of February 2012 listings on Loopnet.com revealed that vacant low density and medium zoned property within the County as being listed at between \$19,000 and \$36,000 per acre.

Loopnet's February 2012 listings included a variety of vacant multifamily zoned land (15-20 du/ac), ranging in size from 0.46 acre to 5.5 acres, with asking prices between \$102,000 and \$174,240 per acre. These price points are representative of the region's significant downturn in the residential real estate market. A comparison of asking prices during the prior planning

period indicates multifamily zoned land was in the \$380,000 to \$1.3 million per acre range (Sacramento Housing Element 2008-2013, pg 7-51).

During the peak of the housing market (previous Housing Element), the land component of a represented 8.3 to 23.6 percent of a housing development (based on 20 units per acre). Current land prices have lowered the land component of housing to 2.4% to 4.0% of project costs, greatly improving the ability to deliver housing at affordable rates.

b. Parcel Size

Parcel size can dramatically impact the layout, design, and overall unit yield that can make or break an affordable housing project. Developers of affordable rental housing have indicated that parcel size that result in unit yields of at least 80-120 units are necessary to ensure long-term feasibility and ability to cover operational costs associated with the required amenities for many finance structures for rental housing. The specific density is not necessarily as important as total unit yield; rather the combination of density and parcel size allowing at least 80 units is a key to delivering affordable housing. The City has several large parcels of various densities within its inventory of vacant and underutilized land that can result in yields of at least 80 units.

For Rent Affordable Housing Relationship of Parcel Size to Density

Normandy Park Apartments (See Recent Development Experience, below) is a recent example of an affordable project in the City that yielded total units within this range (116 total), despite being comprised of mixed zoning (LC at 20 du/ac and RD-10 at 10 du/acre) on a moderately sized parcel (5.3 acres). The project benefited from a 25% density bonus as well as other development standard waivers. Normandy Park is an example of being able to accommodate affordable housing at a lower density by having adequate parcel size, and availability of density bonuses.

Although affordable rental housing is dependent on unit yields based on a combination of density and parcel size, there have been several examples of recent multi-family development on smaller parcels that have resulted in market rate ownership housing that is available at affordable prices (See Recent Development Experience, below). Due to the built out nature of the City, the majority of future development opportunities will be on smaller infill sites.

Ownership Affordable Housing Relationship of Parcel Size to Density

The City has a track record of supporting the development of for sale housing that is constructed at lower densities and on a range of parcel sizes. Both Camden Place and Sunrise Lofts are examples of market rate affordable housing produced in Citrus Heights.

Sunrise Lofts is an example of development on a vacant infill lot, representative of many of the remaining vacant lots in the City's inventory. This 0.9 acre, SPA (RD-20) parcel was developed at 15.5 units per acre. Although currently under single ownership, recent estimates indicate that the market price for these units is well within the affordability range for both low and very low income families.

Camden Place is an example of development on a larger vacant lot, however, due to site constraints; the useable portion of the lot was actually much smaller. This 6.5-acre (4.9-acre useable), SPA (RD-20) parcel was developed at 10.2 units per acre. The project benefitted from deferred City fees and was completed in phases. The average price for the homes sold in 2012 is considered affordable to both low and very low income families.

C. Development Fees

Entitlement fees and development impact fees continue to impact the ability to produce affordable housing.

The City's development fees and impact fees are amongst the lowest in the region.

Table 3: Single-Family Development Fees

Development Impact Fee Type^A	Citrus Heights	Roseville	Folsom	Rocklin	County of Sacramento⁶
Building Permit Fees	\$2,479	\$1,918	\$3,150	\$4,971 ¹¹	\$5,506
Road Impact Fee	\$1,434 ¹	\$6,421 ⁸	\$7,347	\$4,100 ¹²	\$4,257
Water Connection	\$6,927 ³	\$7,328 ⁹	\$3,023	\$16,206 ¹³	\$4,440
Sewer Connection	\$5,300 ²	\$7,021	\$3,765 ¹⁰	\$9,481 ¹⁴	\$5,200 ⁵
Schools	\$4,280	\$4,976	\$12,560	\$6,400	\$4,280
Fire	\$1,568 ⁴	0	\$977	\$273	\$1,824
Police	0	0	\$540	0	0
Recreation/ and Parks	\$1,078	\$3,007	\$2,994	\$5,138 ¹⁵	\$1,775
Drainage	1,894 ⁷	\$251	\$933	\$119	\$ 2,020
Total	\$24,960	\$30,922	\$35,289	\$46,688	\$29,302

NOTES

A- Assumes 2,000 SF Single Family in infill location

1 – For Majority of City, small section is less, **2** – Includes SRCSD and SASD **3**- Average of 3 water purveyors **4** – Sac Metro Fire - Includes Certificate of Release and Sprinkler fee **5** – Includes SRCSD and SASD **6** – Based on Carmichael Area **7**- Assumes 52 LF frontage, .14 acres **8** – Includes Traffic Mitigation Fee, Highway 65 JPA Fee, City-County Transportation Fee **9** – Includes Water Connection Fee, Water Meter Fee, Water Use Fee, Water Meter Retrofit Program **10** – Based on infill location, includes City and County costs **11** – Includes Building Fee, Plan Check Fee, Energy Plan Check fee, Seismic Fee, State Building Standards Fee, Electrical/Mechanical/Plumbing Rate, Construction Tax, Permit Processing Fee, Records Maintenance Fee **12**- Includes Highway 65 Fee **13** - Placer County Water Agency Water Connection charge, does not include labor and installation costs **14** – Fee for South Placer Municipal Utility District **15** – Includes Public Facilities Impact Fee, Placer County Capital Facilities Fee, Community Park Fee

Table 4: Multi-Family Development Fees

Development Impact Fee Type^A	Citrus Heights	Roseville	Folsom	Rocklin	County of Sacramento⁶
Building Permit Fees	\$6,238	\$8,940 ²	\$4,914	\$12,805 ¹¹	\$6,599
Road Impact Fee	\$5,252 ¹	\$11,272 ⁸	\$23,484	\$15,016 ¹²	\$10,750
Water Connection	\$31,055 ³	\$32,999 ⁹	\$10,608 ¹⁶	\$25,982 ¹³	\$8,670
Sewer Connection	\$15,224 ⁴	\$28,804	\$25,370	\$37,924 ¹⁴	\$10,800 ¹⁷
Schools	\$7,704	\$36,756	\$22,653	\$9,600	\$7,704
Fire	\$1,435 ⁵	0	\$3,776	\$273	\$3,728
Police	0	0	\$2,448	0	0
Recreation/ and Parks	\$2,662	\$19,952	\$10,320	\$20,717 ¹⁵	\$5,900
Drainage	\$2,416	\$1,340	\$3,372	\$476	\$ 2,416
Total	\$71,986	\$140,063	\$106,945	\$122,793	\$56,567

A - Estimated fees for a 3,600 square-foot multifamily building (4 units) on a 0.2 acre lot, RD-20

1 – \$1,313 per unit includes Roadway, Transit, and Admin Costs, 2 – Building Permit Fee, Strong Motion Tax, Fire Construction Tax, Building Plan Check Fee, Planning Plan Check Fee 3- Average of CHWD and SSWD –Assumes individual meters for each unit 4 \$12,000 per net acre, 6" Tap, and SRCSD Fees 5Sac Metro Fire - Includes Certificate of Release and Sprinkler fee 6 – Based on Carmichael Area 78 – Includes Traffic Mitigation Fee, Highway 65 JPA Fee, City-County Transportation Fee 9 – Includes Water Connection Fee, Water Meter Fee, Water Use Fee, Water Meter Retrofit Program 10 – Based on infill location, includes City and County costs 11 – Includes Building Fee, Plan Check Fee, Energy Plan Check fee, Seismic Fee, State Building Standards Fee, Electrical/Mechanical/Plumbing Rate, Construction Tax, Permit Processing Fee, Records Maintenance Fee 12- Includes Highway 65 Fee, 13 - Placer County Water Agency Water Connection charge - \$6482 per unit 14 – Fee for South Placer Municipal Utility District, does not include inspection costs 15 – Includes Public Facilities Impact Fee, Placer County Capital Facilities Fee, Public Facility Impact Fee, Community Park Fee Based on Infill Estimate 16 – Includes Water Connection and Water Impact Fee 17 - Includes SASD and SRCSD

In addition to comparatively lower fees, the City has offered deferred fees and utilized sewer impact credits to help offset the costs associated with these fees and to encourage development.

- Since 2001, the City has provided 52.75 sewer credits to a variety of residential development, including Sunrise Lofts (See Development Experience, below).
- Since 2000, the City has allowed for deferred permit fees for 47units, including Camden Place, a market rate residential development that is considered affordable.

The City will continue to offer both sewer credits and deferred permit fees on a case by case basis throughout the 2013-2021 planning period.

D. Development Standards

Development standards such as parking requirements, open space requirements, balcony size restrictions, and specific amenities can increase costs associated with developing affordable housing.

Multi-family development is required to comply with the Citrus Heights Zoning Code, which requires specific development standards including:

- Recreation Areas
 - 250 SF per unit for 100 units or less
 - 200 SF per unit for more than 100 units or senior housing
- Building Separation Requirements
- Fencing Requirements
- Parking Requirements
 - Studio/1-bedroom – 1 covered space
 - 2-3 bedroom - 2 spaces (1 covered)
 - 4 bedroom – 2 spaces per unit (1 covered)
 - Guest Spaces – 1 space per 4 units

The majority of these development standards are consistent with other development requirements throughout the region. Discussions with developers have indicated that occasionally parking requirements are problematic for the development of affordable housing because parking requirements often drive the need for larger parcel sizes or increased construction costs for various parking solutions.

The City's Zoning Code allows the review authority to reduce parking requirements for affordable and/or mixed-use projects. The Zoning Code allows for parking reductions in proximity to transit services and for parking reductions as part of a density bonus concession.

Although the City requires development standards for multi-family housing, these standards are not considered overly burdensome; rather many of the financing structures for affordable housing require similar or more restrictive construction techniques and/or amenities to qualify for financing (ie Tax Credit Financing).

E. Availability of Infrastructure

Infrastructure costs greatly impact the ability to deliver affordable housing. Costs associated with water, sewer, or road infrastructure can make or break a project from happening. Many developers of affordable housing actively pursue land that is served by existing infrastructure to lower the costs of establishing an affordable product.

Due to the built out nature of Citrus Heights, infrastructure is available for all development projects. Typical improvements are limited to on-site improvements, and adequate capacity is available to serve new developments. Public improvements such as roadway improvements are generally limited in nature due to the infill nature of development in the City.

F. Density

Increased allowable density can artificially increase land value to the point that affordable projects are not feasible. Land-owners are cognizant of the perceived value of higher density vacant land, and require higher prices for these lands when they enter the market.

A few developers stated that although increased density can result in higher unit yields, it can also increase per unit construction costs associated with development standards for higher density projects.

Many developers felt that although important, density is not the largest barrier preventing affordable housing. Many developers have stated that most projects are being constructed below the allowable density. Others have utilized state density bonus laws to increase unit yields in lower density zoning to make a project feasible.

A few developers indicated that increased densities can lead to increased construction costs. Depending on unit count, density, and physical site characteristics, densities approaching 30 units per acre can often require four story construction, underground/under unit construction, or other design feature that can result in higher costs or even diminishing returns for the development.

Some developers have suggested densities of 20 units/ac can result in affordable housing production, particularly if there are other financial incentives available for affordable development (low or reduced fees, available infrastructure, land costs, suitable location, reasonable development standards or combination of these).

Affordability of higher densities

Existing market rate housing is affordable to lower income individuals and families. Affordability of multi-family housing varies only slightly between the higher density zoning designations. The vast majority of multi-family housing was developed within either the RD-20 or RD-30 zoning designation. Table 5 compares the average rents between existing multi-family housing in the RD-20 and RD-30 zones. The table demonstrates that affordability levels of RD-20 and RD-30 are nearly identical (in fact, market rents for multi-family housing in RD-20 ranges 1-5% more affordable than multi-family housing in RD-30).

Table 5: Affordability Rental Comparison of Multi-family Zones

Unit Type	Zoning	
	RD-20	RD-30
Studio	\$601	\$605
1-Bedroom	\$735	\$767
2-Bedroom	\$867	\$883

Source: 2012 Citrus Heights Apartment Survey

G. Location

Location of affordable housing can greatly impact the affordability of the project. Housing located closer to employment centers, transit, schools, parks and related amenities can greatly reduce the costs of living for residents.

In addition, several key sources of funding require location proximity to these features to be competitive for financing of affordable housing. Sites that are within close proximity to local amenities and services sufficient to garner competitive financing program points are frequently in the higher land cost areas.

Location plays a key role in the affordable housing market. Citrus Heights has a variety of vacant and underutilized parcels in close proximity to amenities necessary for financing and increased affordability.

2. Market Demand

The unprecedented downturn in the economy since the mid-2000's has dramatically shifted the housing market in Citrus Heights and throughout California. Most housing analysts and developers anticipate sluggish residential development climate for the life of this Housing Element.

Current land values for vacant and underutilized land are at historic lows, yet the low costs have not resulted in any development within the last two years, let alone affordable housing development in the City. While in past years, developers could readily establish a price per acre for land suitable for development, most developers still struggle to develop a price due to uncertainty in the housing market.

Despite the current affordability of land, very little new development has occurred in the last three years. Because market rate housing is considered affordable for lower income families, limited availability of financing, and the downturn in the economy, new affordable projects are not being produced as quickly as in years past.

3. Development Experience

Due to the relatively built out nature of the City, Citrus Heights has seen very little large-scale residential development since the City's incorporation in 1997. Prior to the downturn in the economy, a variety of mid-sized developments were constructed along major corridors that offer housing that is affordable to low/very low income households.

Two examples of market-rate housing in Citrus Heights have been developed during the market crash and have been sold at levels that are affordable for both low and very low income groups. These developments have been produced without financial subsidy, incentives, or other concessions within the RD-20 Zoning Designation (20 du/acre), although these projects are often developed at lower densities to provide increased amenities such as open space, improved parking facilities or related features. Two representative market rate examples are discussed below. A third, affordable project, Normandy Park is also discussed below.

Camden Place

Camden Place is a development that was entitled in 2005, began construction in 2006 and was completed in 2012. The project consists of 66 lots for residential units – 42 single family units and 24 half-plex units. Parcel sizes range from 768 square feet up to 1,982 square feet.



Figure 1: Camden Place

The project includes attached and detached housing ranging from two-bedroom 991 SF units to four-bedroom 1,786 SF units.

Table 6: Camden Place Statistics

General Plan:	Medium Density Residential
Zoning:	SPA (RD-20)
Acres:	6.5 AC
Total Units:	66
% of Max Density:	51%
Actual Density:	10.2 DU/AC
Median Market Price (2012)*:	\$164,000

** For models sold in 2012 (through June 2012). Source- RedFin*

The project was constructed as an SPA to allow for the clustering of units due to proximity of the adjacent creek. The site is immediately adjacent to Auburn Boulevard providing access to Regional Transit.

Sunrise Lofts

Sunrise Lofts is a condominium development that was entitled in 2005 and constructed in 2008. The project consists of 13 for-sale residential units, each having a private outdoor area, and three parking spaces (two tandem enclosed, and one covered).



Figure 2: Sunrise Lofts

The project is located adjacent to Sunrise Boulevard providing access to Regional Transit.

Table 7: Sunrise Lofts Statistics

General Plan:	Medium Density Residential
Zoning:	SPA (RD-20)
Acres:	0.9 AC
Total Units:	13
% of Max Density:	72%
Actual Density:	15.5 DU/AC
Median Sale Price (2009):	\$142,307
Estimated Average Current Value (2012 Zillow)	\$80,421

Normandy Park Apartments

Normandy Park Apartments is an affordable senior community that was constructed in 2000.

The property is rent restricted to seniors at the following breakdown:

- 24 Units – Very Low Income
- 58 Units – Low Income
- 34 Units – Moderate Income



Figure 3: Normandy Place

The project was financed through tax exempt bonds and HOME funds. The project was entitled on a combination of zones including LC (allows 20 units per acre) and RD-10 (allows 10 units per acre). The project also included a 25 % density bonus and development standard deviations.

Table 8: Normandy Place Statistics

General Plan:	General Commercial/Medium Density Residential
Zoning:	LC/RD-10
Acres:	5.32
Total Units:	116
% of Max Density:	125%
Actual Density:	21.8 DU/AC
Current Rent (2012)*	
1-Bed	\$ 650
2-Bed	\$1,050

* Includes water, sewer, trash

4. Existing Housing Stock

Citrus Heights is a 98% built out community with a variety of housing types ranging from semi-rural large lot single family homes to higher density townhomes, apartments, and condos. The current market rate housing is largely considered one of the more affordable housing markets (both rental and ownership housing) in the Sacramento region.

Market Rate for Sale

During the economic boom of the mid-2000's housing affordability plummeted in Citrus Heights as well as the region. Since the collapse of the housing market home prices in Citrus Heights have now become affordable to all affordability levels. Record low interest rates, the availability of loans with low down payments, and surplus of housing stock have all attributed to increased affordability throughout the State.

Whereas in the 2008 Housing Element Cycle families earning the Median Household income faced a significant gap in housing affordability, the current median home sales price is attainable by all income categories (very low, low, median and moderate). Table 9 demonstrates that the current housing stock provides a real opportunity for homeownership in Citrus Heights.

Table 9: Affordable Home Prices

Income Group	Max. Affordable Home Price ¹	Homes sold at or below Max. Affordable Price ²
Very Low	\$160,000	59.9%
Low	\$255,000	97.9%
2012 Median Sale Price	\$150,000	
¹ Based on 2012 Median Family Income of \$76,100 annually, 2012 HUD income limits, and Table 2-42		
² According to Sacramento Association of Realtors		

The majority of ownership housing in Citrus Heights is comprised of single family homes with densities ranging from a low density of 1du/acre to a maximum of 20du/acre. The vast majority of higher density housing (20du/acre or greater) is typically found in the form of apartments for rent.

Market Rate for Rent

Despite increased demand for rental housing, market rents for apartment units have remained relatively flat over the last five years. The average market rent is \$828 per month, a 4.2% decline since 2008.

Rental units continue to be affordable for most families. Low income households can afford rental apartments ranging from a single occupant to a family of six (See Table 10, below). Very Low income households can find affordable rentals, however families of five may have difficulty affording market rate housing.

Table 10: Citrus Heights Affordable Rent Prices

Household Size	Bedroom Type	Max Gross Rent Affordability for Very Low Income (1)	Max Gross Rent Affordability for Low Income (1)	Gross Market Rent Range (2)	Market Average Rent (3)
1	Studio	\$ 656	\$ 1,056	\$655-826	\$ 766
2	1/1	\$ 777	\$ 1,227	\$772-1082	\$ 925
3	2/1	\$ 860	\$ 1,353	\$828-1433	\$ 1,037
4	2/2	\$ 953	\$ 1,503	\$828-1433	\$ 1,139
5	3/2	\$ 1,028	\$ 1,628	\$1073-1653	\$ 1,405
6	3/2	\$ 1,405	\$ 1,628	\$1073-1654	\$ 1,405

(1)Based on HUD Income Limits, 2012 and SHRA Allowance for Tenant Paid Utilities (Electric) and services

(2) Apartment Survey 2012

(3) Real Facts, August 2012

5. Corridors and Transit Accessibility

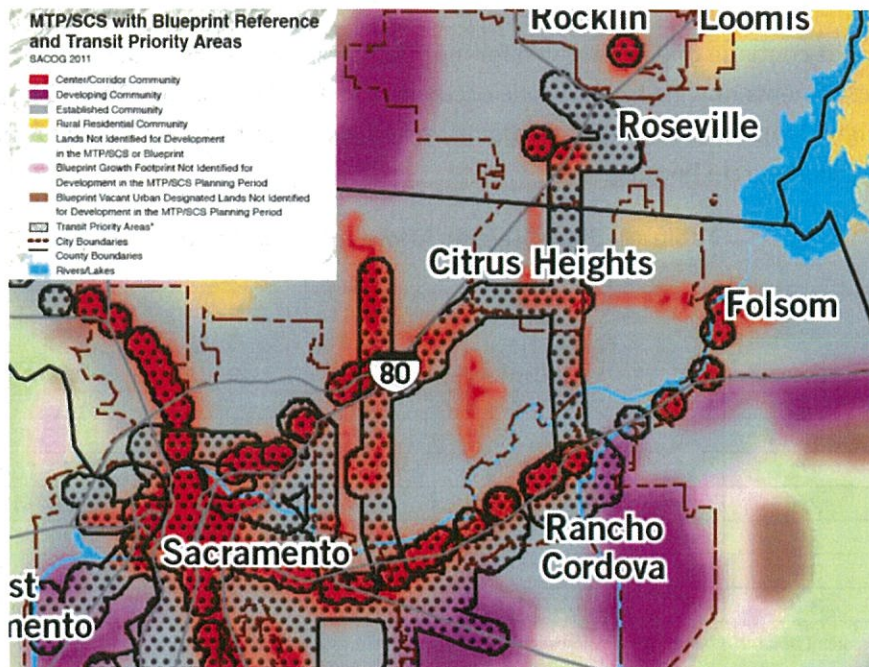
As a largely built out community, the City recognizes the importance of focusing new development near existing transit corridors and near employment centers. In 2011, the City updated its General Plan to focus on a variety of topics, including mobility.

Although the City's prior General Plan was effective for the City, complying with new State laws AB32 and SB375 drove the General Plan Update. The City's existing land use patterns and existing zoning regulations largely supported the State's efforts to encourage development adjacent to transit corridors and at densities that support transit and mixed uses.

In April 2012, the Sacramento Area Council of Governments (SACOG) adopted the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) - a long-range plan for transportation and new development in the region built on SACOG's widely recognized Blueprint. The Blueprint promotes compact, mixed-use development and more transportation choices as an alternative to low-density development.

The MTP/SCS recognized that Citrus Heights is largely comprised of a built out environment that may have little room for growth (Established Community) as well as recognized areas that are served by transit (Center/Corridor Community and Transit Priority Areas) are more likely to accommodate additional growth.

Figure 4: SACOG MTP/SCS Map



The City's land use patterns, Zoning Code, and General Plan are consistent with SACOG's Sustainable Communities Strategy (SCS). The SCS focuses largely on development of higher densities along areas that are served by quality transit. The City has a variety of policies in place that support development along its Transit Corridors, as identified in the SCS. For example, since 2006, the City's Zoning Code has allowed mixed use and residential development within commercial zoning designations (largely adjacent to existing transit corridors) at densities up to 20 du/acre by right.

Together, the SCS, General Plan, and Zoning Code will lead to increased affordability of housing, by increasing the availability of housing near areas served by transit. Typically, housing costs of 30 - 35 percent of household income is considered affordable. This indicator fails to consider transportation costs, which are generally a household's second largest expenditure. The ability to improve mobility or access to transit, also improves affordability of the community.

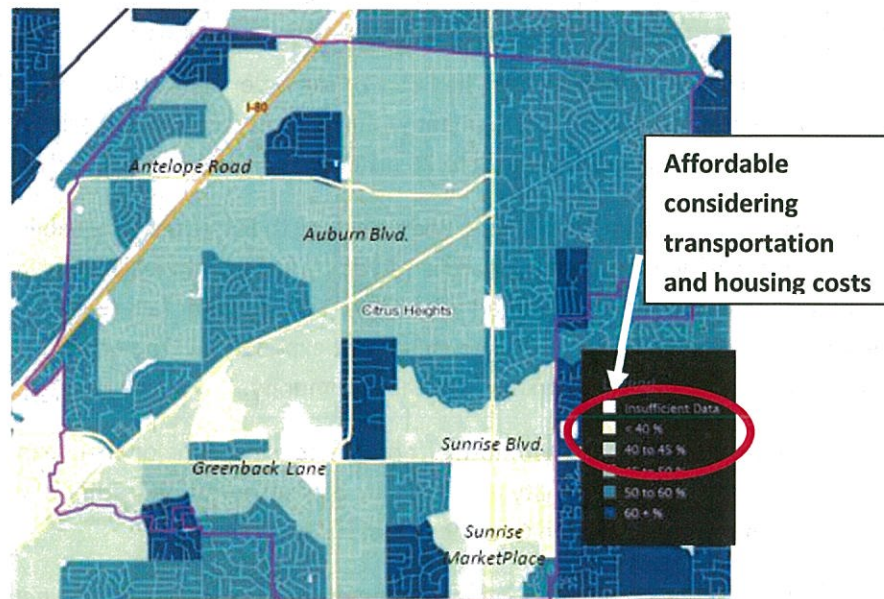
In addition to land use policies that promote affordable housing, a major change in the General Plan Update is a focus on improving mobility for all modes of transportation (rather than just focusing on automobile circulation). General Plan Goal 29 states,

Plan, design, construct, and manage a Complete Streets transportation network that accommodates the needs of all mobility types, users, and ability levels.

The renewed focus on mobility has moved the City in a direction that enables residents to have improved modal choice (bike, pedestrian, and transit) without the dependency and costs of vehicular ownership.

The Center for Neighborhood Technology considers a combined expenditure of housing and transportation costs of 45% of household income or less is affordable. Based on this indicator, Citrus Heights continues to largely be affordable, particularly along its transit corridors (Sunrise Boulevard, Antelope Road, Auburn Boulevard, Greenback Lane and the Sunrise MarketPlace (See Figure 5, below).

Figure 5: Affordability Considering Transportation Costs



Source: The Center for Neighborhood Technology's Housing and Transportation (H+T®) Affordability Index

Not surprisingly, the existing neighborhoods adjacent to the City's transit corridors are the most affordable when considering both housing and transportation costs. These corridors are also identified as developable at densities up to 20 units per acre and in many cases underutilized based on the vacant and underutilized land inventory. The relative affordability of these areas, the City's focus on mobility, and the regulatory environment in commercial zones will continue to produce affordable housing as the economy improves.

6. Affordable Housing Incentives

As required by Government Code Section 65915, the City's Zoning Code offers density bonuses and incentives/ concessions for the development of affordable housing. The City's Zoning Code allows a density bonus ranging from 20% to 35% depending on the level of affordability of the project and the overall percentage of affordable units.

The Zoning Code allows for concessions and incentives to encourage affordable housing such as reduced setbacks, increased heights, parking reductions and related project design features.

7. Programmatic Efforts

The City includes a variety of programmatic efforts within the Housing Element to ensure affordable housing continues to be produced at densities of 20 du/acre. The City will continue to support these measures throughout the planning period. Several representative examples are provided below:

Existing Policies

- 25.1.A – Support development of secondary dwelling units, cluster, housing, work/live units, co-op housing, and other innovative housing types as allowed by the Zoning Code
- 25.2.A – Develop an inventory of land suitable within the City for the development of housing for all segments of the community
- 25.3 – Facilitate mixed-use development and redevelopment in appropriate areas
- 26.1.C – Offer incentives and financing assistance for affordable housing and housing rehabilitation
- 26.2.B – Continue streamlining the review process to minimize any constraints on or disincentives to housing development
- 28.4.C – Ensure existing affordable housing developments are meeting their rent and income restrictions
- 28.7.C – Continue to use density bonuses, City Redevelopment funds, federal funds, and other available resources to promote housing opportunities, especially low-income persons and those with special needs.

Proposed Policies

The City has developed the following new policies to ensure that densities of 20 du/ac continue to result in affordable housing throughout the Planning period:

- 25.3.A - Offer incentives for housing and/or mixed use development to occur on underutilized commercially zoned land at densities of 20 du/ac
- 28.4.D - Monitor market conditions to determine the effect of density and land costs on development of affordable housing biannually.

Conclusion

The City of Citrus Heights continues to be considered an affordable housing option throughout the Sacramento Region. Although larger urban jurisdictions with higher land values, costs for development, and increased regulatory restrictions may necessitate higher densities (30 units per acre) to support affordable housing, 20du/ac provides opportunities for affordable housing in the current housing environment in Citrus Heights.

Although all affordability factors impact the City's ability to produce affordable housing, several key factors or a combination of these factors ensure that the City can continue to produce affordable housing at lower densities:

1. Land values in the City are at historic lows
2. Recent market rate development is affordable to lower incomes at densities under 20 units per acre
3. Increased density has not resulted in increased affordability
4. The City's supply of existing housing is affordable at market rates
5. The City's development fees are amongst the lowest in the region
6. Infrastructure is readily available due to the built out nature of the community

7. The majority of the City, particularly along it's corridors, is affordable even when factoring in transportation costs
8. The availability of incentives for affordable housing has proven successful in Citrus Heights
9. The City has adopted policies that support affordable housing

The City's track record of positive affordability factors makes the continued development of affordable housing possible at 20 du/ac .